

# **Annual Report to Membership**

**For the Year ending:  
December 31, 2022**

April 20, 2023

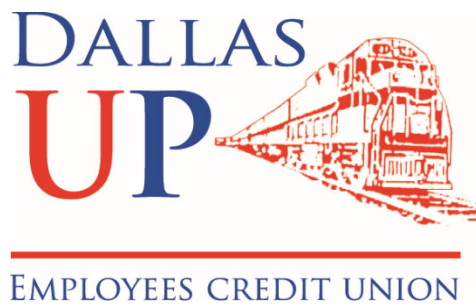
Dear Credit Union Member,

We are providing this report to you in compliance with the State of Texas Regulations for Credit Unions. We are also required to make available to you specific documents about the operation and financial condition of your Credit Union. Some of the documents include IRS Form 990, a summary of the most recent annual audit and a balance sheet and income statement.

We believe that these requirements are good for our Credit Union as well as all financial institutions. Transparency without compromising confidentiality is what we strive to achieve. We believe that in order to earn and keep your trust we must be good stewards of that trust.

Sincerely,

The Board of Directors and Senior Management



## **History of the Dallas U.P. Employees Credit Union**

The Dallas U.P. Employees Credit Union charter was applied for on April 13, 1953 by ten men of the Southern Pacific Railroad. The state credit union department approved the application on May 20, 1953 and the Dallas S.P. Employees Credit Union was created. The ten men put up \$5.00 per share each to fund the credit union. The ten original founders of the credit union were:

Hoyt Howard Frasier  
B. O. Calhoun  
John F. Lewis  
James L. Cornell, Jr

Numan Dean Whittle  
B. F. Allen  
Sidney T. Helm

N. A. McKiddy  
J. W. McCaig  
Robert F. Ingle

With ten members and \$50.00 in assets, the credit union was on its way to serve the employees of the Southern Pacific Railroad and its subsidiaries. The credit union continued to grow through the years but never forgot our roots.

In 1995, the Union Pacific Railroad bought out the Southern Pacific Railroad. The Board of Directors decided that the credit unions' name should be changed to reflect the change in the railroad. In September of 1997, the Board applied to the state credit union department to change the name to the Dallas U.P. Employees Credit Union.

We have grown from that original \$50 to over \$26 Million in assets, all while staying true to our roots, our railroad family.

## **Board of Directors**

The following is a list of the Board of Directors and the year their term of office expires. All terms expire at the Annual Meeting.

Don Seeger	2025
Kevin Van Sickle	2025
Pam Stokes	2025
Kevin Cook	2023
Doug Stokes	2023
Robert Cochran	2023
Tom Kelly	2024
Barry Metcalf	2024
O. G. Coffey	2024

**This is a summary of changes for 2022.**

(As of December 31, 2022)

- ◆ Senior Management
  - No Changes
- ◆ Bylaws or articles of Incorporation
  - No Changes
- ◆ Financial condition and operating results
  - The Board and Management continue to work diligently on loan delinquency. Bankruptcy filings saw a slight increase in 2021 with five members filing. Managing the delinquent loans continues to be a challenge again this year due to COVID-19. Fortunately, we were able to assist many members who had difficulty making their payments with our skip payment program.

<u>Year</u>	<u>Charge Offs</u>	<u>Recoveries</u>	<u>Net Charge Offs</u>
2021	\$25,707	\$5,803	\$19,904
2022	\$24,824	\$508	\$24,316
Change	-\$883	-\$5,295	\$4,412

- Our allowance for loan loss account decreased from \$158,652 in 2021 to \$133,336 in 2022
- Total loans made were 936 for \$7,788,768.

<u>New Loans</u>	<u>Refinanced Loans</u>	<u>Loan Addons</u>
304 - \$6,241,480	90 - \$362,076	542 - \$1,185,212

- The Credit Union has 2 member business loans for \$52,357.
- Member shares increased 2.21% to \$21,374,198
- Our asset growth continues to remain strong with a 2.53% increase to \$26,787,168.

**This is a summary of changes for 2022 - continued.**

- Our net income rebounded from 2021. Our 2022 net income was \$240,756 which is a significant increase from 2021. Our net worth remains very strong at 19.5% which remains well above the 7.00% threshold the NCUA uses to classify a Credit Union as “Well Capitalized” and well above our peer average of 11.8%.
- How we compare to our peer credit unions (\$20 – \$50 Million)

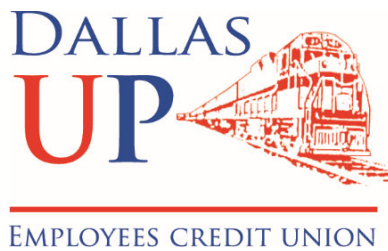
	Us	Peers
Delinquency Ratio	0.02%	0.79%
Net Worth Growth	0.17%	4.40%
Asset Growth	2.5%	1.1%
Loan Growth	13.7%	12.2%
Share Growth	2.4%	0.8%
Return on Average Assets (ROAA)	0.91%	0.45%

◆ Membership size and services offered

- Our membership decreased by **-2.2%** compared to our peer average of **-0.7%**
- Automated Clearing House (ACH) transactions

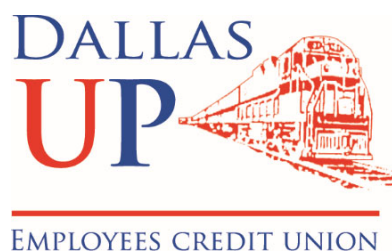
<u>Year</u>	<u>Transactions</u>	<u>Dollars</u>
2021	40,661	\$34,492,494
2022	44,175	\$44,930,230
Change	3,514	\$10,437,736
	8.6%	30.3%

This averages out to 3,681 transactions and \$3,744,186 transferred through the ACH network per month for 2022.



**CONSOLIDATED STATEMENT OF FINANCIAL CONDITION**  
 For the periods ending December 31, 2022 and December 31, 2021

<b>ASSETS</b>	<b>2022</b>	<b>2021</b>	<b>Change \$</b>
Cash & Cash Equivalents	1,788,874	2,473,712	(684,838)
Investments	10,456,000	10,913,000	(457,000)
Total Loans	14,399,365	12,665,964	1,733,402
Allowance for Loan Loss	(133,336)	(158,652)	25,316
Other Assets	276,265	231,879	44,385
	<hr/>		
<b>Total Assets:</b>	26,787,168	26,125,903	661,266
<b>LIABILITIES AND MEMBERS' EQUITY</b>			
Members' Shares	21,415,876	20,921,048	494,828
Accounts Payable & Other Liabilities	153,429	227,748	(74,319)
<b>Total Liabilities</b>	21,569,305	21,148,796	420,509
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<b>Total Members' Equity</b>	5,217,863	4,977,107	240,756
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<b>Total Liabilities &amp; Members' Equity</b>	26,787,168	26,125,903	652,876



## CONSOLIDATED STATEMENT OF INCOME

For the periods ending December 31, 2022 and December 31, 2021

<b>Interest Income</b>	<b>2022</b>	<b>2021</b>	<b>Change \$</b>
Interest on Loans	834,799	700,519	134,281
Interest on Investments	191,817	146,329	45,488
<b>Total Interest Income</b>	1,026,616	846,848	179,768
<b>Interest Expense</b>	339,240	327,281	11,959
Provision for Loan Loss Expense	(1,000)	56,000	(57,000)
<b>Net Interest Income</b>	688,376	463,567	224,809
<b>Other Operating Income</b>	116,897	114,158	2,739
<b>Operating Income</b>	805,273	577,726	227,547
<b>Operating Expense</b>			
Employee Expense	475,000	453,499	21,501
Operating Expense	89,517	132,618	(43,101)
<b>Total Operating Expense</b>	564,517	586,116	(21,600)
<b>Net Income</b>	240,756	(8,391)	249,147